



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: DES COVID Modifications and Technical Changes.
Bill Number: Senate Bill 114 (Second Edition)
Sponsor(s): Senator Edwards

SUMMARY TABLE

FISCAL IMPACT OF SB 114, V.1 (\$ in millions)

	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Special Fund Revenues	UI Trust Fund revenue loss of approximately \$200 million for Tax Year 2021 -				
Less Expenditures	see assumptions and methodology.				
Special Fund Impact	-	-	-	-	-

FISCAL IMPACT SUMMARY

Section 1 maintains the SUTA base tax rate at 1.9%. The SUTA rate schedule includes three tiers that determine employer tax rates based on experience ratings. The tax tier for any given tax year is based on the UI Trust Fund balance as a percent of covered wages on September 1 of the prior year. The percentage dropped below 1.25% as of September 1, 2020, which triggers an increase to a base rate of 2.4% under current law.

FISCAL ANALYSIS

The bill keeps the SUTA base rate at 1.9%. The rate would go up to 2.4% under current law, so the fiscal impact is the loss of revenue that would have been realized if the increase were allowed to take effect. The NC Division of Employment Security (DES) is unable to estimate the amount of revenue that would be generated by the increase because of recent volatility in the economy and the resulting uncertainty in employment and wages.

Based on previous shifts in the tax tiers, the revenue loss for the UI Trust Fund is expected to be approximately \$200 million. The current Trust Fund balance is \$2.7 billion.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Division of Employment Security



FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.



LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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March 25, 2021



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